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Report Highlights:

***India pitches for product-specific agro sops*, *Soya oil tariff value raised 10 percent*, *After eight years, still stuck on GM mustard*, *Mustard mess*, *Freight subsidy for agri exports proposed*, *GOI to launch national project on organic farming*.**

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
New Delhi [IN1], IN

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U.S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included in this report. Significant issues will be expanded upon in subsequent reports from this office.

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INDIA PITCHES FOR PRODUCT-SPECIFIC AGRO SOPS

India has submitted its proposal on modalities of agricultural negotiations at the WTO, pressing for reduction commitments on agricultural subsidies from developed countries on a product specific basis. Commitments should be made with the aim of reducing all trade distorting support to 'de minimis' level by the end of December 2004. In the area of domestic support, India has noted that for significant and meaningful reduction, commitments should be undertaken on a product-specific basis resulting in reduction of support in the amber box and blue box to 'de minimis' level. India has also talked about reduction in tariffs by developing countries. India suggested that developing countries should be allowed to increase bound rates for specific agricultural products and be given flexibility in their domestic agricultural policies to address their food security and livelihood concerns. On the issue of market access, India has asked for substantial reduction in tariff peaks and tariff escalations in products of export interest to developing countries. It suggested extension of the special safeguard mechanism to all developing countries under Article 5 of the Agreement on Agriculture (AoA.). (Source: Financial Express, 11/29/02)

SOYA OIL TARIFF VALUE RAISED 10 PERCENT

The government increased the base import price (reference price) of crude degummed soybean oil by 11 percent to \$600 per ton compared to \$542 per ton fixed on September 2. Only last week, the government raised the reference prices of the palm group of oils by 10 percent. According to trade sources, the hike in the reference price will make soybean oil at least Rs. 2/KG (\$0.4) more expensive in the domestic market.

FAS New Delhi Comment: Industry sources say that the reference price was revised upwards after taking into account the average of last week's oil price in international markets. In the last week of November, the FOB oil price in the US hovered around \$ 560 a ton. In order to arrive at the correct value of the oil being imported, the Finance Ministry usually tracks prices in international markets and fixes values accordingly. (Source: Business Line 12/04/02 and Economic Times 12/05/02)

AFTER EIGHT YEARS, STILL STUCK ON GM MUSTARD

After eight years of trials and tests, the government's inter-ministerial Genetic Engineering Approval Committee (GEAC) has been unable to decide whether GM mustard seed is safe. The

committee is to meet again soon to give its verdict on Proagro's mustard seed petition. GEAC's members have, however, voiced caution about approval of the first transgenic crop that is a "100 percent food product". (Source: Times of India, 12/02/02)

MUSTARD MESS

Proagro, the company that has invested \$ 1 million in its GM mustard seed project over the last 8 years, is sore since a further deferral would effectively eliminate the possibility of commercially marketing its GM variety before fall 2004. The company claims that initially, the GEAC was to assess only issues of health, environment and safety. Now, however, it has expanded its ambit to include agronomic performance, like yields. The company claims to have conducted over 69 large-scale field trials throughout India. The Indian Council for Agricultural Research has conducted only 4 trials of its own, insufficient to provide conclusive results. "If official parallel trials are not in place, why wait for so many years before saying so. Ideology and scientific parameters are two different things: If we don't want GM crops we should unashamedly say so like the EU. If, on the other hand, we want to take an independent decision, then it's time we put our testing mechanism in place". (Source: Editorial of the Times of India, 12/03/02)

FREIGHT SUBSIDY FOR AGRI EXPORTS PROPOSED

The government plans to implement a scheme for ocean and air freight subsidy for exports of agricultural products, subject to the approval by Commerce Ministry's expenditure finance committee. Products considered for such subsidies include several fresh fruits, vegetables, cut flowers, dairy and poultry products but exclude mangoes, grapes, guava, pineapple (for which India already has a location advantage) and onions, potatoes, tomatoes, carrots, and turnip (which have high levels of domestic consumption). The scheme aims to develop new markets for India's agricultural exports. The scheme will entail an expenditure of rs. 950 million (\$19.7 million) during the three year period (2003 - 2005) and will form part of the projected outlay of rs. 3.1 billion (\$64.3 million) for the export promotion agency APEDA (Agricultural and Processed Foods Export Development Authority) for the tenth Five Year Plan period (2002 - 2007). (Source: Business Standard, 11/29/02)

GOI TO LAUNCH NATIONAL PROJECT ON ORGANIC FARMING

Agriculture Minister, Ajit Singh, inaugurating a five-day international conference on organic farming, announced the proposal to launch a rs. 920 million (\$19 million) national project on organic farming in the Tenth Five Year Plan (2002 - 2007) for production, promotion, market development, and regulation of organic farming. The project will include setting up of a national body for the formulation of national standards for organic farming, appointment of accreditation and certification agencies, and training of farmers. Fifty model organic farms would be set up and assistance would be provided for commercial production of organic inputs. Stating that world trade in organic products was expected to reach \$100 billion by 2006, he remarked that trade is impeded by the absence of harmonized regulations among potential trading partners.

According to Minister of State for Commerce, Mr. Rajiv Pratap Rudy, India could emerge as a major supplier of organic foods to the world market, making it a major export earner. "India had immense

potential and core competence in organic foods and a transition back to traditional, more sustainable, and eco-friendly forms of farming will help the country in emerging as a major supplier", he stated. He mentioned that the government is also working on increasing the number of accrediting agencies for organic products and some of them are undergoing training. (Source: Business Standard, 11/29/02 and 11/28/02)

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